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August 18, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following Information Request:

From the Department:

DTE-9-20 (2nd Revised)

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Per Ground Rules Memorandum issued June 13, 2005:

Paul E. Osborne, Assistant Director – Rates and Rev. Requirements Div. (1 copy)
A. John Sullivan, Rates and Rev. Requirements Div. (4 copies)
Andreas Thanos, Assistant Director, Gas Division (1 copy)
Alexander Cochis, Assistant Attorney General (4 copies)
Service List (1 electronic copy)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
NINTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: August 18, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

Revised Supplemental Response

DTE-9-20 Please provide a schedule covering the period 1992 through 2004 showing the following items:
(1) annual firm therm sales;
(2) annual firm billed revenues;
(3) annual net write-offs;
(4) annual net write-offs as percent of firm billed revenues;
(5) annual net write-offs in cents per therm;
(6) cumulative annual net write-offs for 1992 through 2004;
(7) the average net write-offs in cents per therm for the 1992-2004 period.

Response: Please see Attachment DTE-9-20. Net write-off amounts are not readily available prior to 2000.

Supplemental

Response: Please see Supplemental Attachment DTE-9-20. This attachment provides the requested information from 1994 through 2004. We will continue to search for the information for the years 1992 and 1993.

Revised

Response: On July 12, 2005, the Company submitted a supplemental response to DTE-9-20, which was originally filed on June 30, 2005. Please see Attachment DTE-9-20 Supplement Revised, which reflects a change in 2002 billed revenue from \$308,804,738 to \$314,644,583.

Second

Revised

Response: Per the transcript discussion of July 14, 2005 at pages 1,410 through 1,412 on bad debt expense, please find a Corrected Schedule JES-6, Page 9 of 20 for the correct level of firm billed revenue for 2002. Also, provided are corrected copies of all pages of the cost of service impacted by this change.

The correct level of firm billed revenue for 2002 is \$314,644,583. This correction changes the Net Write-off percentage to 2.15% from 2.17% and the total proposed write-off level from \$10,305,726 to \$10,210,743 or a reduction of \$94,983,

The impact on the company's revenue requirement for this changed is only \$36,033 due primarily to the fact that 69.07% of the change is offset via collection through the cost of gas adjustment clause. In addition the gross up factor changed and rate base changed due to the impact on Other O&M Cash Working Capital.

In addition to a corrected Schedule JES-6, Page 9 the following schedules and/or pages were impacted due to this correction.

| <u>Schedule</u> | <u>Description</u> |
|------------------------------|---|
| Schedule JES-1 | Revenue Requirement |
| Schedule JES-2 | Revenue Deficiency Summary |
| Schedule JES-3 | Computation of Revenue Requirement Factor |
| Schedule JES-4 | Operating Revenue Summary |
| Schedule JES-5 | Revenue Requirement Summary |
| Schedule JES-6, Page 1 of 20 | Adjustment to Operating and Maintenance Expense Summary |
| Schedule JES-11 | Computation of Federal Income and Massachusetts State Franchise Taxes |
| Schedule JES-13, Page 1 of 4 | Rate Base Summary |
| Schedule JES-14 | Adjustments to Rate Base – Allowance for Other O&M Cash Working Capital |

Please note that no other change has been reflected in these schedules. Only the impact of the bad debt correction is reflected in these schedules.

Bay State Gas Company
Adjustment To Operating Expenses - Bad Debt Expense - Gas Revenue
Test Year Ended December 31, 2004

| <u>Line No.</u> | <u>Description</u> | <u>Firm Billed Revenue</u> (1) \$ | <u>Net Write-Offs</u> (2) \$ | <u>% of Write-Offs To Revenue</u> (3 = 2 / 1) | <u>Reference</u> (4) |
|-----------------|---|---|------------------------------------|---|----------------------------------|
| | Year: | | | | |
| 1 | 2002 | 314,644,583 (a) | 7,526,468 | 2.39% (a) | WP-JES-6, Page 21, Ln 4, & Ln 17 |
| 2 | 2003 | 447,636,461 | 9,936,287 | 2.22% | WP-JES-6, Page 21, Ln 4, & Ln 31 |
| 3 | 2004 | 473,501,753 | 9,076,524 | 1.92% | WP-JES-6, Page 21, Ln 4, & Ln 44 |
| 4 | Total | 1,235,782,797 | 26,539,280 | | |
| 5 | Three Year Weighted Average of | | | | |
| 6 | Net Write-Offs as a % of Firm Billed Revenue | | | 2.15% (a) | |
| 7 | Test Year Normalized Firm Sales: | | | \$ | |
| 8 | Test Year Firm Gas Revenues - Billed | | | 489,361,562 | Sch JES-4, Col. 1, Lns 4,5,6 |
| 9 | Add: Firm Sales Adjustments | | | (14,443,301) | Sch JES-4, Col. 2, Lns 4,5,6 |
| 10 | Test Year Normalized Firm Sales | | | 474,918,261 | |
| 11 | Allowable Bad Debt Expenses (Line 6 x Line 10) | | | 10,210,743 (a) | |
| 12 | Less: Test Year Bad Debt Expenses 2004 | | | 3,199,694 | WP-JES-6, Page 21, Line 53 |
| 13 | Total Bad Debt Expense Adjustment (Line 11 minus Line 12) | | | 7,011,049 (a) | |

(a) Correcting Sch. JES - 6, page 9, as filed for 2002 Firm Billed Revenue.

**Bay State Gas Company
Revenue Requirement
Test Year Ended December 31, 2004**

| <u>Line No.</u> | <u>Description</u> | <u>Per Books</u> (1) \$ | <u>Adjustments</u> (2) \$ | <u>Adjusted Books</u> (3 = 1 + 2) \$ | <u>Proposed Revenue Increase</u> (4) \$ | <u>Revenue Requirement</u> (5 = 3 + 4) \$ | <u>Proposed % Increase</u> (6 = 4 / 3) | <u>Reference</u> (7) |
|-----------------|--|-------------------------------|---------------------------------|--|---|---|---|----------------------------|
| 1 | Operation Revenue | 510,457,335 | (28,613,687) (a) | 481,843,648 | 22,202,293 | (a) 504,045,941 | 4.61% | Sch. JES - 4 |
| 2 | Operating Expenses: | | | | | | | |
| 3 | Cost of Gas | 323,863,512 | (16,384,861) | 307,478,651 | 0 | 307,478,651 | | Sch. JES - 5 |
| 4 | O&M Expense | 99,007,484 | (57,038) (a) | 98,950,446 (a) | 477,349 | 99,427,795 | | Sch. JES - 6, Page 1 of 20 |
| 5 | Depreciation | 24,126,707 | 4,674,251 | 28,800,958 | 0 | 28,800,958 | | Sch. JES - 7, Page 1 of 4 |
| 6 | Amortization | 15,036,749 | (8,483,854) | 6,552,895 | 0 | 6,552,895 | | Sch. JES - 8, Page 1 of 3 |
| 7 | Taxes Other Than Income | 9,665,342 | 401,823 | 10,067,165 | 0 | 10,067,165 | | Sch. JES - 9, Page 1 of 4 |
| 8 | Interest on Customer Deposits | <u>0</u> | <u>72,506</u> | <u>72,506</u> | <u>0</u> | <u>72,506</u> | | Sch. JES - 10 |
| 9 | Total Operating Expenses (Lines 3 through 8) | 471,699,794 | (19,777,173) | 451,922,622 | 477,349 | 452,399,971 | | |
| 10 | Operating Income Before Income Taxes (Line 1 less Line 9) | 38,757,540 | (8,836,514) | 29,921,026 | 21,724,944 | 51,645,970 | | |
| 11 | Income Taxes | | | <u>7,187,205</u> | <u>8,521,609</u> | <u>15,708,814</u> | | Sch. JES - 11 |
| 12 | Operating Income After Income Taxes (Line 10 less Line 11) | | | <u>22,733,821</u> | <u>13,203,335</u> | <u>35,937,156</u> | | |
| 13 | Rate Base | | | <u>397,095,644</u> | | <u>397,095,644</u> | | Sch. JES - 13, Page 1 of 4 |
| 14 | Return on Rate Base | | | 5.73% | | 9.05% | | |

(a) Changed due to correcting Sch. JES - 6, page 9, for 2002 Firm Billed Revenue.

D.T.E. 05-27

RR-DTE-09-20

SUPPLEMENT

Witness: Skirtich

D. T. E. 05-27

Exh. BSG/JES-1

Schedule JES - 2 (CORRECTED)

**Bay State Gas Company
Revenue Deficiency Summary
Test Year Ended December 31, 2004**

| <u>Line No.</u> | <u>Description</u> | <u>Amount (1) \$</u> | <u>Reference (2)</u> |
|----------------------------|--|-------------------------------------|---------------------------------|
| 1 | <u>Revenue Requirement Calculation</u> | | |
| 2 | Rate Base | 397,095,644 | Sch. JES - 13, Page 1 of 4 |
| 3 | Return on Rate Base | <u>9.05%</u> | Sch. JES - 12 |
| 4 | Required Return | 35,937,156 | |
| 5 | Operating Income After Taxes | 22,733,821 | Sch. JES - 1 |
| 6 | Shortfall (Ln. 4 Less Ln. 5) | 13,203,335 | |
| 7 | Revenue Requirement Factor | <u>1.6816</u> | Sch. JES - 3 |
| 8 | Revenue Deficiency | 22,202,293 | |

Note:

Changed due to correcting Sch. JES - 6, page 9, for 2002 Firm Billed Revenue.

Bay State Gas Company
Computation of Revenue Requirement Factor
For The Twelve Months Ended December 31, 2004

| <u>Line No.</u> | <u>Description</u> | | <u>Percentage of Incremental Gross Revenue</u> (1) | <u>Reference</u> (2) |
|-----------------|---|-------|---|-------------------------------|
| 1 | Operating Revenue | | 100.0000% | |
| 2 | Less: Uncollectible 3 Year Weighted Average | | | |
| 3 | Bad Debt Percentage | | 2.1500% | (a) Sch. JES-6, Page 9 of 20 |
| 4 | Net Revenues | | 97.8500% | (Ln 1 minus Ln 3) |
| 5 | State Franchise Tax | 6.50% | <u>6.3603%</u> | (Ln 4 times 6.50%) |
| 6 | Income Before Federal Income Tax | | 91.4898% | (Ln 4 minus Ln 5) |
| 7 | Federal Income Tax @ 35% | 35% | <u>32.0214%</u> | (Ln 6 times 35.0%) |
| 8 | Operating Income Percentage | | 59.4683% | (Ln 6 minus Ln 7) |
| 9 | Revenue Requirement Factor | | <u>1.6816</u> | (a) (100 % Divided By Line 8) |

(a) Changed due to correcting Sch. JES - 6, page 9, for 2002 Firm Billed Revenue.

Witness: Skirtich
D. T. E. 05-27
Exh. BSG/JES-1
Schedule JES - 4 (CORRECTED)

Bay State Gas Company
Operating Revenue Summary
Test Year Ended December 31, 2004

| Line No. | Description | Per Books (1) \$ | Adjustments (2) \$ | Annualized Revenue at Current Rates (3) \$ | Reference (4) |
|----------|--|------------------------|--------------------------|--|------------------|
| 1 | Residential Sales Revenue | 334,824,296 | (7,113,546) | 327,710,750 | Sch. JAF - 1-1 |
| 2 | Comm/Industrial Sales Revenue | 127,857,611 | (3,652,138) | 124,205,473 | Sch. JAF - 1-1 |
| 3 | Interruptible Sales Revenue | 2,904,376 | (2,904,376) | 0 | Sch. JAF - 1-1 |
| 4 | TOTAL TARIFF REVENUES | 465,586,283 | (13,670,060) | 451,916,223 | |
| 5 | Residential Transportation of Gas | 21,028 | 4,167 | 25,195 | Sch. JAF - 1-1 |
| 6 | Comm/Industrial Transportation of Gas | 23,754,251 | (777,408) | 22,976,843 | Sch. JAF - 1-1 |
| 7 | Off System Sales | 3,874,467 | (3,874,467) | 0 | Sch. JAF - 1-1 |
| 8 | Gas Property Revenue | 1,513,333 | 0 | 1,513,333 | Sch. JAF - 1-1 |
| 9 | Rental Revenue | 6,824,456 | 0 | 6,824,456 | Sch. JAF - 1-1 |
| 10 | Guardian Care/Inspections | 7,690,936 | 0 | 7,690,936 | Sch. JAF - 1-1 |
| 11 | Lost Net Revenue | 329,951 | (329,961) | (10) | Sch. JAF - 1-1 |
| 12 | Late Payment Charges | 685,241 | 0 | 685,241 | Sch. JAF - 1-1 |
| 13 | Return Check Charge | 27,736 | 0 | 27,736 | Sch. JAF - 1-1 |
| 14 | Carrying Costs-Pre tax of Rate of Return | (988,819) | 988,820 | 1 | Sch. JAF - 1-1 |
| 15 | Prod & Storage Revenues | 1,044,497 | 8,085,135 | 9,129,632 | Sch. JAF - 1-1 |
| 16 | Customer R&C Shut-off Turn-off | 93,975 | 0 | 93,975 | Sch. JAF - 1-1 |
| 17 | TOTAL OTHER OPER. REVENUES | 44,871,052 | 4,096,286 | 48,967,338 | |
| 18 | Elimination of Indirect GAF and DAF | 0 | (26,092,473) | (26,092,473) | Sch. JAF - 1-1 |
| 19 | Add back Bad Debt Exp. Included in Indirect Gas Cost | 0 | 7,052,560 (a) | 7,052,560 | Sch. JAF - 1-1 |
| 20 | TOTAL REVENUE | 510,457,335 | (28,613,687) | 481,843,648 | |

(a) Changed due to correcting Sch. JES - 6, page 9, for 2002 Firm Billed Revenue.

D.T.E. 05-27

DTE-09-20

SUPPLEMENT

Witness: Skirtich

D. T. E. 05-27

Exh. BSG/JES-1

Schedule JES - 5 (CORRECTED)

**Bay State Gas Company
Revenue Requirement Summary
Test Year Ended December 31, 2004**

| <u>Line No.</u> | <u>Description</u> | <u>Per Books</u> (1) \$ | <u>Adjustments</u> (2) \$ | <u>Adjusted</u> (3) \$ | <u>Reference</u> (4) |
|-----------------|--|-------------------------------|---------------------------------|------------------------------|----------------------------|
| 1 | Total Cost of Gas | 323,863,512 | (16,384,861) | 307,478,651 | Sch. JAF - 1-1 |
| 2 | Other Operating & Maintenance Expenses | 99,007,484 | (57,038) (a) | 98,950,446 | Sch. JES - 6, Page 1 of 20 |
| 3 | Bad Debt on Proposed Rate Increase | 0 | 477,349 (a) | 477,349 | Sch. JES - 1 |
| 4 | Total Operating & Maintenance Expenses (Line 1 plus Lines 2 & 3) | 422,870,996 | (15,964,550) | 406,906,446 | |
| 5 | Depreciation Expense | 24,126,707 | 4,674,251 | 28,800,958 | Sch. JES - 7, Page 1 of 4 |
| 6 | Amortization of Utility Plant | 15,036,749 | (8,483,854) | 6,552,895 | Sch. JES - 8, Page 1 of 3 |
| 7 | Taxes Other Than Income | 9,665,342 | 401,823 | 10,067,165 | Sch. JES - 9, Page 1 of 4 |
| 8 | Interest on Customer Deposits | 0 | 72,506 | 72,506 | Sch. JES - 10 |
| 9 | Federal Income & Mass State Franchise Tax | 11,571,079 | 4,137,735 (a) | 15,708,814 | Sch. JES - 11 |
| 10 | Return on Rate Base | 27,186,461 | 8,750,695 (a) | 35,937,156 | Sch. JES - 1 |
| 11 | Total Other Items | 87,586,339 | 9,553,156 | 97,139,495 | |
| 12 | Total Revenue Requirement (line 4 plus Line 12) | 510,457,335 | (6,411,394) | 504,045,941 | |

(a) Changed due to correcting Sch. JES - 6, page 9, for 2002 Firm Billed Revenue.

Bay State Gas Company
Adjustments to Operating and Maintenance Expense Summary
Test Year Ended December 31, 2004

| <u>Line</u> <u>No.</u> | <u>Description</u> | <u>Amount</u> <u>(1)</u> \$ | <u>Reference</u> <u>(2)</u> |
|---|--|--|--|
| 1 | Payroll Adjustment - Union | 1,173,418 | Sch. JES - 6, Page 2 of 20 |
| 2 | Payroll Adjustment - Non-Union | 443,840 | Sch. JES - 6, Page 2 of 20 |
| 3 | Incentive Compensation | (124,422) | Sch. JES - 6, Page 3 of 20 |
| 4 | Medical and Dental Insurance | 741,045 | Sch. JES - 6, Page 4 of 20 |
| 5 | Property & Liability Insurance Expense | 94,997 | Sch. JES - 6, Page 5 of 20 |
| 6 | Self Insurance Claims | 80,021 | Sch. JES - 6, Page 6 of 20 |
| 7 | Gain on Sale of Property | (408,197) | Sch. JES - 6, Page 7 of 20 |
| 8 | Rate Case Expense | 331,700 | Sch. JES - 6, Page 8 of 20 |
| 9 | Bad Debt Expense - Gas Revenue | 7,011,049 | (a) Sch. JES - 6, Page 9 of 20 |
| 10 | Bad Debt Expense - EP&S | 246,232 | Sch. JES - 6, Page 10 of 20 |
| 11 | NiSource Corporate Services Company | 748,122 | Sch. JES - 6, Page 11 of 20 |
| 12 | Charitable Contributions | (147,271) | Sch. JES - 6, Page 12 of 20 |
| 13 | Amortization of Deferred Farm Discount Credits | 15,320 | Sch. JES - 6, Page 13 of 20 |
| 14 | Postage | 67,947 | Sch. JES - 6, Page 14 of 20 |
| 15 | Research and Development Costs Related to GTI Activity | 310,000 | Sch. JES - 6, Page 15 of 20 |
| 16 | Itron Lease Payment | 310,104 | Sch. JES - 6, Page 16 of 20 |
| 17 | Metscan Meter Reading Lease Payment | (2,919,051) | Sch. JES - 6, Page 17 of 20 |
| 18 | CGA & LDAC Recoverable Costs | (9,227,167) | Sch. JES - 6, Page 18 of 20 |
| 19 | Inflation | <u>1,195,274</u> | Sch. JES - 6, Page 19 of 20 |
| 20 | Total Operating and Maintenance Expense Adjustments | <u>(57,038)</u> | (a) |

(a) Changed due to correcting Sch. JES - 6, page 9, for 2002 Firm Billed Revenue.

D.T.E. 05-27
DTE-09-20
SUPPLEMENT

Witness: Skirtich
D. T. E. 05-27

Exh. BSG/JES-1

Schedule JES - 11 (CORRECTED)

Bay State Gas Company
Computation of Federal Income and Massachusetts State Franchise Taxes
Test Year Ended December 31, 2004

| <u>Line No.</u> | <u>Description</u> | <u>Reference</u> (1) | <u>Detail</u> (2) | <u>Adjusted Before Rate Increase</u> (3) \$ | <u>Proposed Rate Increase</u> (4) \$ | <u>After Rate Increase</u> (5) \$ |
|-----------------|--|------------------------------|----------------------|---|--|---|
| 1 | Operating Income Before Income Taxes | Sch. JES - 1 | | 29,921,026 (a) | 21,724,944 | 51,645,970 |
| 2 | Less: Interest Costs | | | | | |
| 3 | Rate Base | Sch. JES - 13, Page 1, Ln 19 | 397,095,644 (a) | | | |
| 4 | Weighted Cost of Debt | Sch. JES - 12, Ln 1 | 2.85% | <u>11,317,226</u> | <u>0</u> | <u>11,317,226</u> |
| 5 | Net Income | | | 18,603,800 | 21,724,944 | 40,328,744 |
| 6 | Massachusetts State Franchise Tax | | 6.50% | <u>1,209,247</u> | <u>1,412,121</u> | <u>2,621,368</u> |
| 7 | Federal Taxable Income | | | 17,394,553 | 20,312,823 | 37,707,376 |
| 8 | Federal Income Tax Rate | | 35.00% | 6,088,094 | 7,109,488 | 13,197,582 |
| 9 | Amortization of Deferred Income Taxes Deficiency Amount Approved at DPU 92-11 | WP JES - 11, Page 1, Ln 29 | 174,017 | | | |
| 10 | Update for 1% Federal Income Tax Increase | WP JES - 11, Page 1, Ln 29 | 89,587 | 263,604 | 0 | 263,604 |
| 11 | Less Amortization of Investment Tax Credit | | | (373,740) | 0 | (373,740) |
| 12 | Net Federal Income and Massachusetts State Franchise Tax (Lines 6, 8, 10, & 11) | | | 7,187,205 (a) | 8,521,609 | <u>15,708,814</u> |

(a) Corrected Sch. JES - 6, page 9, for 2002 Firm Billed Revenue.

Bay State Gas Company
Rate Base Summary
Test Year Ended December 31, 2004

| Line No. | Description | Per Books (1) \$ | Adjustments (2) \$ | Adjusted Books (3 = 1 + 2) \$ | Reference (4) |
|----------|---|------------------------|--------------------------|-------------------------------------|---|
| 1 | Additions | | | | |
| 2 | Total Utility Plant (Annual Return Page 18) | 1,212,056,778 | (451,173,568) | 760,883,211 | Sch. JES-13, Page 2, Ln 4, Page 3, Ln 3 |
| 3 | Prepayments - Acct 165 | 0 | 0 | 0 | |
| 4 | Cash Working Capital | 11,449,225 | (6,596) (a) | 11,442,629 | Sch. JES - 14, Ln 4 |
| 5 | Material & Supplies | 3,640,535 | (232,466) | 3,408,069 | Sch. JES - 15, Ln 17 |
| 6 | Total Additions | 1,227,146,539 | (451,412,630) | 775,733,909 | |
| 7 | Deductions | | | | |
| 8 | Work in Progress (Annual Return Page 18) - Acct 107 | 7,385,734 | (1,053,621) | 6,332,113 | Sch. JES - 13, Page 4, Ln 3 |
| 9 | Plant Held for Future Use (Annual Return Page 18) - Acct 105 | 0 | 0 | 0 | |
| 10 | Reserves: | | | | |
| 11 | Deferred Taxes - Accounts 188, 268 | 86,081,290 | (558,752) | 85,522,538 | Sch. JES - 13, Page 3, Ln 9 |
| 12 | Depreciation (Annual Return Page 13) - Acct 254 | 266,210,015 | (2,145,215) | 264,064,800 | Sch. JES - 13, Page 3, Ln 6 |
| 13 | Amortization of Intangible Plant (Annual Return Page 13) - Acct 257 | 89,869,431 | (70,541,969) | 19,327,463 | Sch. JES - 13, Page 2, Ln 8 |
| 14 | Unamortized Pre-1971 ITC (Annual Return Page 33) - Acct 253 | 11,170 | | 11,170 | WP-JES-13, Page 1, Ln 53 |
| 15 | Customer Advances (Annual Return Page 9) - Acct 252-02 | 11,088 | 0 | 11,088 | |
| 16 | Customer Deposits (Annual Return Page 9) - Acct 235 | 3,090,784 | 0 | 3,090,784 | |
| 17 | Unclaimed Checks - Account 232-05 | 278,310 | 0 | 278,310 | |
| 18 | Total Deductions | 452,937,821 | (74,299,557) | 378,638,265 | |
| 19 | Total Rate Base | 774,208,717 | (377,113,073) (a) | 397,095,644 (a) | |

(a) Changed due to correcting Sch. JES - 6, page 9, for 2002 Firm Billed Revenue.

D.T.E. 05-27
DTE-09-20
SUPPLEMENT

Witness: Skirtich
D. T. E. 05-27
Exh. BSG/JES-1
Schedule JES - 14 (CORRECTED)

Bay State Gas Company
Adjustments to Rate Base - Allowance for Other O&M Cash Working Capital
Test Year Ended December 31, 2004

| <u>Line No.</u> | <u>Description</u> | <u>Per Books</u> (1) \$ | <u>Adjustment</u> (2) \$ | <u>Total</u> (3) \$ | <u>Reference</u> (4) |
|-----------------|---|-------------------------------|--------------------------------|---------------------------|-------------------------|
| 1 | <u>Cash Working Capital Components</u> | | | | |
| 2 | O&M Expenses | 99,007,484 | (57,038) (a) | 98,950,446 | (a) Schedule JES - 1 |
| 3 | Cash Working Capital Factor for Other O&M Expense | 11.564% | 11.564% | 11.564% | Exh. BSG/JES - 2 |
| 4 | Cash Working Capital Adjustment | 11,449,225 | (6,596) (a) | 11,442,630 | (a) |

(a) Changed due to correcting Sch. JES - 6, page 9, for 2002 Firm Billed Revenue.